Appropriations for FY1999: Department of Transportation and Related Agencies

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Summary

For FY1999, the U.S. Department of Transportation (DOT) requested total funding of approximately $43 billion, a 1% increase over the FY1998 enacted level of $39 billion. The FY1999 budget request for the DOT was similar in many respects to the FY1998 appropriation.

There are many "macro" issues or factors that are influencing the debate over the Administration's FY1999 budget request. Some of them have been carried over from the previous fiscal year. Complicating the budget process had been the delay associated with reauthorizing many of the Department's programs.

The recently concluded reauthorization of surface transportation programs will dramatically effect the FY1999 appropriations process. The Transportation Equity Act for the 21st Century (P.L. 105-178, TEA-21) provides for an increase in spending at a level above that contemplated in the Administration budget request. In addition, the new legislation provides a new budget environment for highway and transit programs that limits the ability of the appropriations process to alter spending for these activities.

In its FY1999 request, the Administration reiterated that safety is its highest priority, followed by technology development, environmental enhancement, infrastructure needs, and innovative financing. The budget proposal included requests of: $3.1 billion for direct safety funding; $30.0 billion for infrastructure investments; $1.1 billion for transportation research and development (R&D); and $0.6 billion for Amtrak (See CRS Issue Brief 97030).

On July 15, 1998, the Senate Committee on Appropriations reported S. 2307 (S.Rept. 105-249). The committee recommended total funding of approximately $47 billion for FY1999. S. 2307 was passed by the Senate on July 24, 1998. Few amendments were made, excepting one controversial proposal to bar the use of federal funds to impose "project labor agreements" on highway and transit fund projects. A compromise substitute was offered.

The House Appropriations Committee reported its own bill (H.R. 4328, H.Rept. 105-648) which would have provided a total of $46.9 billion, an amount $4.8 billion greater than FY1998 and $3.9 billion greater than the amount requested by the Administration. The committee voiced its objections to the impact of TEA-21 legislation, whose "firewalls" significantly limited its latitude in funding. According to the report, "These 'firewalls' make it virtually impossible for the Appropriations Committee to make downward adjustments to those funding levels in the annual appropriations process over the next 5 years."

By July 31, both the House and Senate had passed their respective bills; the House bill was referred to the Senate; the Senate substituted its own language; and the House requested a conference on the substitute amendment. See the "Most Recent Developments" section of this report for the latest legislative action.

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Abstract

Appropriations are one part of a complex federal budget process that includes budget resolutions, appropriations (regular, supplemental, and continuing) bills, rescissions, and budget reconciliation bills. The process begins with the President's budget request and is bounded by the rules of the House and Senate, the Congressional Budget and Impoundment Control Act of 1974 (as amended), the Budget Enforcement Act of 1990, and current program authorizations. Customarily, each of the 13 individual appropriations bills is considered and processed as a discrete measure. On occasion, however, Congress may choose to bundle these bills into an omnibus appropriation, containing two or more initially discrete appropriations bills. Each of these bills is then represented as a separate title within the omnibus measure. FY1999 funding for a broad range of government programs is contained in the omnibus appropriations bill (H.R. 4328), originally introduced to fund the Department of Transportation (DOT) and Related Agencies. Based on the conference report (H.Rept. 105-825), published in the October 19 *Congressional Record*, DOT funding appears as Subsection 101(g) of the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 1999 (P.L. 105-277, October 21, 1998; 112 Stat. 2681).

For a further breakdown of individual department and agency funding, refer to the index provided at http://www.congress.gov/homepage/omni.html.

The text of this report is a guide to of the original (DOT and Related Agencies) appropriations bill for FY1999. It is designed to supplement the information provided by the House and Senate Appropriations Subcommittees on Transportation Appropriations. It summarizes the current legislative status of the bill, its scope, major issues, funding levels, and related legislative activity. The report lists the key CRS staff relevant to the issues covered and related CRS products.

This report is updated as soon as possible after major legislative developments, especially following legislative action in the committees and on the floor of the House and Senate.

Appropriations for FY1999: Department of Transportation and Related Agencies

Most Recent Developments

Funding for Department of Transportation programs was contained in the President's budget submission, issued in February, 1998. For FY1999, the U.S. Department of Transportation (DOT) requested total funding of $43.3 billion, a 1% increase over the FY1998 enacted level of $42.8 billion. Hearings on the budget request were held in transportation subcommittees of the House and Senate Appropriations Committees. In a related development, many of DOT's surface transportation programs were recently reauthorized by the Transportation Equity Act for the 21st Century, generally referred to as TEA-21 (P.L. 105-178, June 9, 1998). Both the House (H.Con.Res. 284) and the Senate (S.Con.Res. 86) passed their respective versions of the budget resolution and subsequently held a conference. H.Con.Res. 284 provided the following amounts of budget authority and outlays for FY1999: $44.3 billion (BA) and $42.1 billion (BO). S.Con.Res. 86 provided for the following amounts during the same period: $51.5 (BA) and $42.8 (BO).

In a related development, on June 9, 1998, President Clinton signed the Transportation Equity Act for the 21st Century (TEA 21) into law (*P.L. 105-178*, *H.R. 2400*). The law provides authorization for appropriations for DOT's agencies and programs for fiscal years 1998 through 2003. TEA 21 affects virtually all of the Department's surface transportation agencies, ranging from the National Highway Traffic Safety Administration to the Coast Guard. The impact of its provisions have been addressed in other sections of this report.

On July 15, 1998, the Senate Committee on Appropriations reported out *S. 2307*, Department of Transportation and Related Agencies Appropriations Bill for 1999 (*S.Rept. 105-249*). The report recommends $13,694,249,000 of new budget obligational authority for the Department of Transportation. This amount represents approximately $340,000,000 more than the Administration's request, and almost $1 billion more than the enacted amount for FY1998. In conjunction with $32,234,800,000 estimated obligation limitations (generated from trust funds), the total obligational authority is approximately $45.9 billion.

On July 24, with few substantive floor amendments, the Senate passed its version of the DOT appropriations for FY1999. One provision, relatively controversial between the Administration and Congress, however, was dropped from the legislation. That provision, which drew a veto warning from Administration officials, would have barred the use of federal funds to impose "project labor agreements" on highway and transit fund projects. A substitute amendment appears to have served as a compromise, permitting passage.

On July 22, 1998, the House Appropriations Committee reported *H.R. 4328* (*H.Rept. 105-648*) The bill provides for a total of$46.9 billion (new budget authority, guaranteed obligations contained in the TEA-21, limitation on obligations and exempt obligations) for FY1999. This amount is $4.8 billion greater than FY1998 enacted levels, and $3.9 billion greater than the Administration's FY1999 request.

On July 30, 1998, the House passed *H.R. 4328*, also with few substantive amendments. *H.R. 4328* was referred to the Senate, which amended the bill by inserting *S. 2307* after the enacting clause.

On September 17, 1998, the House and Senate passed *H.J.Res. 128*, a continuing resolution to fund, until October 9, 1998, any government activity that would have otherwise been funded by an annual appropriation.

Following the enactment of five subsequent continuing resolutions, the House passed the Omnibus Consolidated and Emergency Supplemental Appropriations Act, for Fiscal Year 1999 on October 19, 1998. On October 21, the Senate passed the same measure.

The conference agreement provided approximately $47 billion in FY1999 for federal transportation programs—an amount 12% greater than the FY1998 funding, 9% more than requested by the Administration, and about$150 million more than that included in the House bill. The amount for some DOT programs (including Federal Highways and Mass Transit) was virtually insured by funding "firewalls" that had been placed in the Transportation Equity Act for the 21st Century (TEA-21).

For the complete legislative text of the Omnibus Act as it appears in the October 19, 1998 Congressional Record, Members and staff should see the following Internet Web site: http://www.clerkweb.house.gov.

Introduction

Transportation budgeting uses a confusing lexicon (for those unfamiliar with the process) of budget authority and contract authority—the latter, a form of budget authority.[1] Contract authority, provides obligational authority for the funding of trust fund financed programs, such as the federal-aid highway program. Prior to TEA-21, changes in spending in the annual transportation budget component had been achieved in the appropriations process by combining changes in budget/contract authority and placing limitations on obligations. The principal function of the limitation on obligations is to control outlays in a manner that corresponds to congressional budget agreements.

Contract authority is tantamount to, but does not actually involve, entering into a contract to pay for a project at some future date. Under this arrangement, specified in Title 23 U.S.C., which TEA-21 amends, authorized funds are automatically made available to the states at the beginning of each fiscal year and may be obligated without appropriations legislation. Appropriations are required to make outlays at some future date to cover these obligations. As will be discussed, TEA-21 greatly limits the role of the appropriations process in core highway and transit programs because the Act sets the limitation on obligations level for the period FY1999 through FY2003.

Highway and transit grant programs work on a reimbursable basis: states pay for projects up front and federal payments are made to them only when work is completed and vouchers are presented, perhaps months or even years after the project has begun. Work in progress is represented in the trust fund as obligated funds and although they are considered "used" and remain as commitments against the trust fund balances, they are not subtracted from balances. Trust fund balances, therefore, appear high in part because funds sufficient to cover actual and expected future commitments must remain available.

Both the highway and transit accounts have substantial short-and long-term commitments. These include payments that will be made in the current fiscal year as projects are completed and, to a much greater extent, outstanding obligations to be made at some unspecified future date. Additionally, there are unobligated amounts that are still dedicated to highway and transit projects, but have not been committed to specific projects.

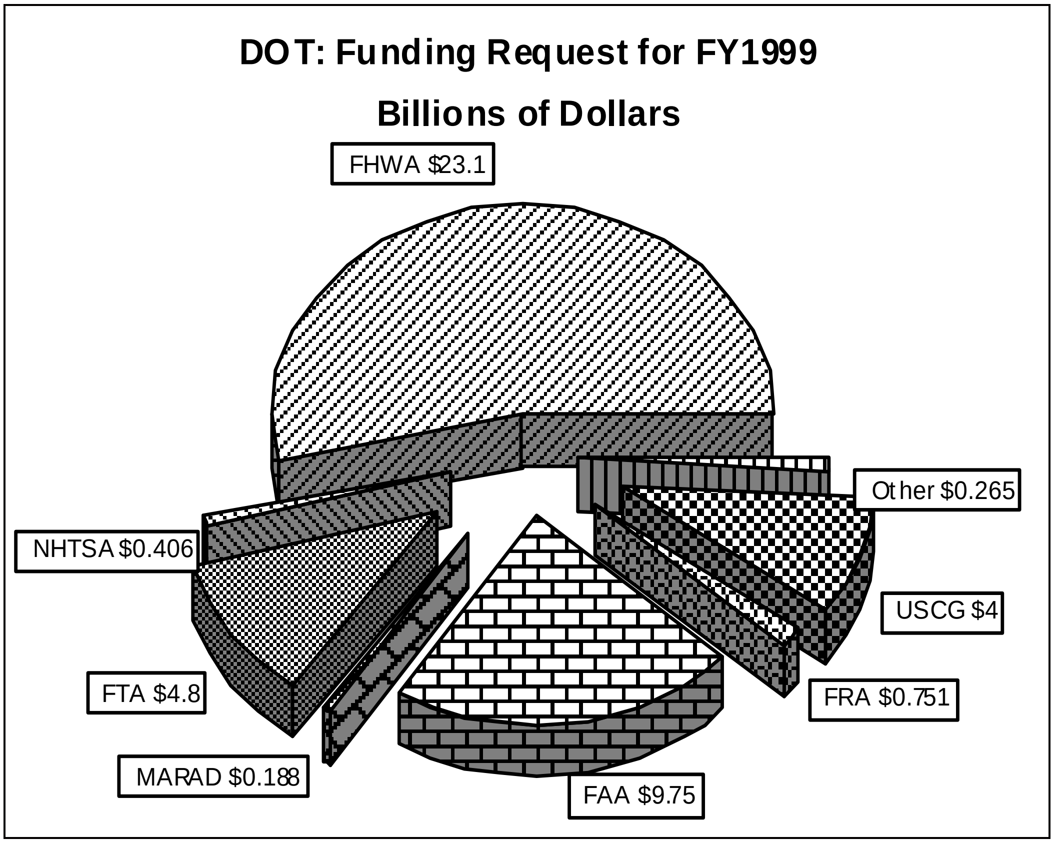
Two terms are associated with the distribution of contract authority funds to the states and to particular programs. The first of these, apportionments, refers to funds distributed to the states for formula driven programs. For example, all national highway system (NHS) funds are apportioned to the states. Allocated funds are funds distributed on an administrative basis, typically to programs under direct federal control. For example, federal lands highway program monies are allocated; the allocation can be to another federal agency, to a state, to an Indian tribe, or to some other governmental entity. These terms do not refer to the federal budget process, but often provide a frame of reference for highway program recipients, who may assume, albeit incorrectly, that a state apportionment is part of the federal budget per se.

For FY1999, the DOT requested total funding of $43.259 billion, about a 1.0% increase from the FY1998 enactment of level $42.828 billion. The Department's FY1999 budget request was similar in many respects to the FY1998 appropriation. The agencies targeted for gains include (in descending order): the Maritime Administration (+35.3%); The National Highway Traffic Safety Administration (+21.92%); Research and Special Programs Administration (+16%); Federal Aviation Administration (+7.0%); Federal Railroad Administration (+2.6%); Office of the Secretary (+2.4%); and the U.S. Coast Guard (+2%). Those whose budget request were reduced

[1] Much of this section was taken from, CRS Report 98-749 E, entitled *The Transportation Equity Act for the 21st Century (TEA-21) and the Federal Budget*, by John W. Fischer, September 4, 1998.

for FY1999 included (in descending order): St. Lawrence Seaway Development Corporation (-100%); Federal Transit Administration (-1.38%). The budgets for the Office of the Inspector General and the Surface Transportation Board are set at the FY1998 level.

Figure 1. DOT Funding Request for FY1999



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This report analyzes the FY1999 budget request and final action from a number of perspectives. First, funding proposals for several national transportation priorities, such as safety, national security, infrastructure needs, and technology development, are highlighted and selected policy issues associated with these are presented. Second, historical funding trends are analyzed. Third, highlights of the FY1999 budget request for several key modal administrations, such as the Federal Highway Administration, the Federal Aviation Administration (FAA), and the U.S. Coast Guard, are summarized.

Status

Table 1. Status of DOT Appropriations, FY1999

Subcommittee Markup		House Report	House Passage	Senate Report	Senate Passage	Conference Report	Conference Report Approval		Public Law
House	Senate						House	Senate	
H.R. 4328	S. 2307	H.Rept. 105-648	7-30-98	S.Rept. 105-249	7-24-98	H.Rept 105-825	10-20-98	10-21-98	P.L. 105-277

Key Policy Issues

One of the major challenges facing appropriators continues to be the allocation of funds for the U.S. Department of Transportation among numerous competing national interests. Competition for these funds stems from various transportation interests, and from the modal administrations themselves seeking portions of the "transportation pie." Monies have been allocated for a diverse array of purposes, for example, to pay for the expenses of the U.S. Coast Guard, to improve safety across the transportation system, and to help finance various infrastructure needs. In the DOT and Related Agencies Appropriations Act, monies are also provided to support the National Transportation Safety Board, and the Surface Transportation Board (STB), and several other transportation-related agencies.[2]

The perennial question of priorities surrounds the appropriations process. Throughout its budget request, the DOT continues to emphasize several priorities including: safety, infrastructure, innovative financing, environmental enhancement, technology, and national security.

Much of the appropriations process must take place within the newly enacted framework of the Transportation Equity Act for the 21st Century (TEA-21), signed into law on June 9, 1998 (P.L. 105-178, H.R. 2400). The act, which authorizes appropriations for key transportation programs through the fiscal year 2003, emphasizes certain programs and de-emphasizes others. The general sense of Congress appears to be that, although transportation trust funds are not sacrosanct, proceeds from the gasoline tax must be targeted towards the maintenance of the vast U.S. highway and transit network, and not viewed as a source of revenue for the general treasury. Although attempts to move highway and transit programs "off-budget" were unsuccessful, Congress did insert language within TEA-21to protect specific funding by creating "fire walls" around programs. In addition to spending ceilings, the fire walls effectively create floors. The creation of these devices emerged as a point of contention between authorizers and appropriators.

[2] DOT proposed that the Surface Transportation Board (STB) be fully funded by user fees in FY1998. The STB and its predecessor, the Interstate Commerce Commission, have never been fully funded by user fees. For further information, see CRS Report 96-67 E, entitled *The Surface Transportation Board (STB): An Overview and Selected Public Policy Issues*, by Stephen J Thompson.

Surface Transportation Infrastructure Policy

The Administration requested a total of approximately $30.0 billion for FY1999. This requested increase occurred in spite of the limitations placed on domestic discretionary spending by the Balanced Budget Act of 1997. Since many discretionary budget allocations were reduced, the increase in transportation infrastructure spending is regarded as a strong policy statement on the part of Congress and the Clinton Administration that infrastructure is a policy priority.

In each of its budget submissions, the Clinton Administration has sought to emphasize its commitment to improving the nation's infrastructure. Increased infrastructure spending to enhance national productivity and competitiveness was a policy feature of both of the President's election campaigns. The Administration's FY1999 budget request is predicated on a continuation of this policy at least in spirit.

The Administration makes the case in its budget document that the FY1999 budget request would compliment the spending increases that have occurred earlier in this decade.[3] The Administration view is that transportation infrastructure spending at the $30.0 billion level envisioned in its request would provide the highest level of infrastructure spending in DOT history. In addition, the Administration takes considerable credit for some improvements in transit capacity, airport capacity, and highway condition that have occurred in recent years. Finally, the Administration contends that it has accomplished all of these advances and provided for future improvements in a fiscally responsible manner.

In reality the Administration's FY1999 request is very similar to the levels of funding provided in the FY1998 Act. This is very much the result of the Balanced Budget Act of 1997. The Administration request has now been somewhat superceded by passage of TEA-21. By signing this legislation the Administration has agreed to a somewhat higher level of spending for surface transportation in FY1998 then it had proposed earlier in the year. In addition, the Administration has agreed to much higher levels of spending in the period FY1999-FY2003.

One of the principal provisions of TEA-21 is a change in the budget treatment of the highway and transit programs. This new legislation sets a limitation on obligations for program spending in each of the next 6 fiscal years and does so by creating "fire walls" that prevent reductions in spending below agreed upon levels. This action deprives the House and Senate Appropriations Committees of their traditional authority to determine the absolute level of spending for these programs. Instead the committees now control spending of only a small portion of the highway and transit programs.

Over the last several years the Administration has attempted to find more funding for infrastructure by changing the way infrastructure was financed. To accomplish this objective in FY1999, the DOT proposed to continue supporting State Infrastructure Banks (SIBs) at the $150 million level and to finance a new Transportation Infrastructure Credit Program at the $100 million level for FY1998.

The SIB program combines federal/state/private funding to help finance a variety of transportation improvements, such as toll roads and intermodal terminals. Although the SIB program had been adopted by 10 states, with an additional 15 expressing interest, the program was reduced to four states by language in TEA-21. Examples of innovative financing include a proposed new Transportation Infrastructure Credit Program intended to leverage federal dollars and encourage private sector investment in projects of national significance that may be too large

[3] U.S. DOT. Budget in Brief—FY1999. p. 8.

to attract local capital.[4] The Administration also is trying to improve the efficiency of federal funds distribution. In dollar terms, however, the Administration's efforts to promote innovative financing represent a small portion of the total DOT budget.

Technology

The Administration proposed to spend about $1.1 billion on transportation research, development and technology activities during FY1999. This amount represents about a 10% increase over the FY1998 level for those activities. The support of research and technology activities is not a goal in and of itself, but it underpins the other functions of the Department. For example, DOT seeks to apply the results of its research and development activities to improve safety, enhance mobility, further an intermodal transportation system, promote economic growth and trade, and support national security. The three largest components of the FY1999 Research, Development and Technology budget request are for: FHWA's program ($582 million), FAA's program ($334 million), and NHTSA's program ($53 million). Increased investment in research and development continues to be a key theme of the Clinton Administration and this emphasis has been reflected in the Department's budget during the last few years. It remains difficult to decide on the amount of funds for the numerous R&T activities at the Department, especially when these decisions are considered within the context of the other funding needs.

DOT is involved in a variety of technology programs, including the Partnership for a New Generation of Vehicles, the National Advanced Driving Simulator, and the Advanced Technology Transit Bus. One of the largest R&T activities is the Intelligent Transportation Systems (ITS) program. The FY1999 request for this multifaceted activity that involves each of the surface transportation modes within the Department is $250 million. These funds would support a comprehensive research and demonstration program and deployment initiative. That initiative is designed to stimulate investments in a variety of ITS technologies, such as traffic surveillance, crash avoidance systems, and safety monitoring for commercial motor vehicles. The actual amount of FY1999 contract funds authorized for ITS is set in the TEA-21 law. For FY1999, that act provides $95 million for research, development, operational tests and other activities considered to be part of the core departmental ITS program. TEA-21 also authorizes $105 million of contract funds for ITS integrated deployment projects. The overall highway obligation limitation will reduce the amount of funds actually made available for those activities. P.L. 105-277 provides a total of $200,000,000 to be available for implementation of the various ITS program specified in TEA-21. With an obligation limitation of 88.3 percent for FY 1999, that amount is effectively reduced to $176.6 million.

The Federal Railroad Administration requested that funding for the Next Generation of High Speed Rail Program be reduced from about $20 million in FY1998 to about $12.6 million in FY1999. The Senate Appropriations Committee recommended $28,494,000 for this program. For FY1999, the Coast Guard requested $18 million for research, development, testing and evaluation. Funds were requested for technologies, materials, and human factors research to improve the Coast Guard's mission performance and delivery of services to the public.

Safety

Safety continues to be claimed as the Department's highest priority. DOT's request for various transportation safety programs for FY1999 is $3.1 billion, an 11 percent increase over the FY1998 level. Substantial increases are requested for the safety activities of several modal

[4] U.S. DOT. Budget in Brief—FY1997. p. 5.

administrations, including: the Federal Aviation Administration, the National Highway Traffic Safety Administration (NHTSA), and the Federal Highway Administration. Each year debate continues over the perennial question regarding funds for safety relative to other functions of the DOT.

DOT sought to promote public health and safety by working toward the elimination of transportation-related injuries, deaths, and property damage. Funding was requested to increase safety using a variety of approaches, including: rulemaking, compliance efforts, public education and outreach, and direct operations (such as vessel traffic services). In FY1999, some of the activities intended to achieve the Department's safety goals include: requesting additional personnel for the FRA's Office of Safety, promoting public-private partnerships to demonstrate cost-effective, safety technologies, such as intelligent vehicles; and advancing research exploring causes of, and countermeasures for, transportation incidents in all modes of transportation.

Spending for NHTSA's highway safety programs was intended to increase by 22%, from $333 million in FY1998 to $406 million in FY1999. Increased funding for grants and research to improve the protection of automobile occupants was requested: $31 million was proposed for the President's initiative to increase seat belt use; and $10.2 million was proposed for safety systems research which supports improvements in vehicle structures and occupant protection. The 1998 Department of Transportation Appropriations Act provided $186,500,000 for obligations for highway traffic safety grants, and $146,962,000 for operations and research, for a total of $333,462,000 for NHTSA's activities. The conference bill ultimately provided $159.4 million for NHTSA operations and research, and $361.4 million total for all of NHTSA's activities. TEA-21 sets specify contract funding levels for the various traffic safety grants administered by NHTSA. TEA-21 also sets an authorization level for NHTSA Section 403 research program and for NHTSA's various motor vehicle-related activities, which together form much of the Operations and Research account of NHTSA. Consequently, TEA-21 will likely have a substantial impact on setting the overall NHTSA budget and appropriation during FY1999 through FY2003. P.L. 105-277 provides $ 159,400,000 for NHTSA's operations and research account and $2,000,000 for the National Driver Register, and limits obligations for highway traffic safety grants to $200,000,000.

Other Factors

The debate on the FY1999 budget request has focused partly on the Administration's funding priorities. Some Members, however, chose to focus their interests on other priorities, such as local needs for roads, transit and airports. The debate leading to passage of TEA-21 is indicative of these concerns. Passage of this legislation has created new issues for the appropriations process. Primary among these is the new budgetary treatment of highway and transit spending. The TEA-21 limitation on obligations for these activities restricts the ability of the transportation appropriations committees ability to meet their 302(b) goals by requiring all that all adjustments in spending be made in other program categories.

Finally, enactment of the Government Performance and Results Act (GPRA) has compelled DOT, along with other agencies, to reconcile their spending requests and programs/projects with their more fundamental strategic and performance goals.

Major Funding Trends

Table 2 shows historical funding levels for FY1988 through FY1998 (actual and enacted) and FY1999 request for the Department of Transportation. Almost all of these funds are provided by new budget authority or a limitations on obligations in the DOT appropriations act.[5] Total DOT funding increased approximately 66% from FY1988 through FY1998 (enacted).

The following information from DOT shows actual, estimated, and requested appropriations, obligations limitations, DOD transfers, and exempt obligations subject to the appropriations process (in millions of dollars). According to a DOT spokesperson, this information does not include user fee collections; consequently, program totals may vary from other figures cited in the text.

Table 2. Department of Transportation Appropriations, Obligations, Limitations, DOD Transfers, and Exempt Obligations Subject to the Appropriations Process

(in millions of dollars)

FY1988 Actual	25,779
FY1989 Actual	27,362
FY1990 Actual	29,722
FY1991 Actual	32,776
FY1992 Actual	36,184
FY1993 Actual	36,681
FY1994 Actual	40,359
FY1995 Actual	38,878
FY1996 Actual	37,378
FY1997 Actual	40,349
FY1998 Enacted	42,828
FY1999 Requested	43,259

Coast Guard

http://www.uscg.mil/

The Administration requested $4.1 billion for the Coast Guard in FY1999. This was up 2.2% over FY1998 and maintains the same trend since FY1996. The budget request would have allowed the Coast Guard to continue its activities against drug smuggling and to recapitalize aircraft and vessel fleets to meet the President's national security goals. Of this amount, $2.8 billion would have been for operation and maintenance of a wide range of ships, boats, aircraft, shore units, and aids to navigation, including $309 million in defense-related funding. The Administration requested $67 million to train, support, and sustain a ready military Selected Reserve Force of 7,600 members for direct support to the Department of Defense and to provide surge capacity for responses to emergencies such as clean-up operations following oil spills.

Other Coast Guard requested funding included $61 million for spill clean-up and initial damage assessment, available without further appropriation from the Oil Spill Liability Trust Fund. No

[5] Starting in the early 1990s, about $300 million of the funds shown in Table 1 were transferred from the DOD Appropriations budget to DOT. These monies are used to support Coast Guard activities. The amounts requested for FY1998 are provided in Table 3.

funds were requested for boat safety grants because these would be funded from appropriations from the Aquatic Resources Trust Fund.

The Senate Appropriations Committee recommended $3.7 billion for the Coast Guard, 1.1% less than the budget request, but 0.9% more than enacted for FY1998. Of this amount, operating expenses would be funded at $2.8 billion, including $300 million in national security activities scored against defense funding. Environmental compliance and restoration ($21 million), retired pay ($684 million), and reserve training ($67 million) would be funded at the level of the request. Acquisition, construction and improvements would be decreased from the request (from $442.6 million to $388.7 million) and research, development, test, and evaluation would be decreased from $18.3 million to $17.5 million.

The House passed an appropriation of $3.887 billion for the Coast Guard which is $29.4 million less than FY1998. Operating expenses were funded at $2.7 billion including $300 million in national security scored against defense spending. This would also include $406 million for drug interdiction activities, which is an increase of $33.8 million over the President's request. Increases in this area would be offset by reductions in fisheries law enforcement and polar ice breaking. Acquisition, construction, and improvements were funded at $389 million and environmental compliance and restoration at $21 million. $684 million was appropriated for retired pay and $69 million for reserve training. Research, development, test and evaluation would receive $12 million.

The conference agreed to an appropriation of $3.9 billion for the Coast Guard, which is $21.0 million less than FY 1998. Operating expenses were funded at the House level of $2.7 billion of which $300 million shall be available for defense-related activities This is $15.4 million less for operating expenses than FY 1998. However, the Secretary may transfer funds from the Federal Aviation Administration "Operations" account, not to exceed $71.7 million, for drug interdiction activities. Acquisition, construction, and improvements is funded at $395.5 million, of which $20 million shall be derived from the Oil Spill Liability Trust Fund. There was no disagreement between the Houses over either environmental compliance and restoration or retired pay. The House-approved levels of $69 million were appropriated for reserve training and $12 million for research, development, test, and evaluation. Alteration of bridges received $14 million and no funds were appropriated for boat safety.

Federal Railroad Administration (FRA)

The Administration requested $751 million for the Federal Railroad Administration for FY1999, compared to a FY1997 actual obligation of $1.1 billion, and an FY1998 enactment of $937 million. The most notable reduction, $172 million from the FY1998 amount, was the lower request for funding Amtrak (CRS Issue Brief 97030) and the Northeast Corridor. The Northeast Corridor is the rail route from Boston to Washington, DC. The House Appropriations Committee recommended $729.3 million for FRA for FY1999, including $609.2 million for Amtrak. The Senate recommended $707 million, including $555 million for Amtrak. Congress appropriated $749.8 million to FRA for FY1999, including $609.2 million for Amtrak, and allowed Amtrak to decide how much of its appropriation will be used to upgrade the Northeast Corridor.

Amtrak

http://www.amtrak.com

Amtrak (see CRS Issue Brief 97030) receives its funding as part of the FRA account. The Administration requested that FY1999 funding for Amtrak come from the Federal Highway Trust

Fund, rather than from the general fund as in past years. The Administration requested $621 million for capital grants to Amtrak, of which not less than $200 million would have been for the Northeast Corridor, and $12 million for Penn Station in New York City. The Administration requested no funding for operating grants for Amtrak for FY1999, proposing that sufficient operating funds could come from capital grants.

The House recommended $609.2 million for Amtrak for FY1999, plus $2 million for a third freight track in Rhode Island to give Amtrak a separate line from freight, and $15.3 million for "next generation high speed rail" that would remove grade crossings on rail passenger routes and provide other funding that benefits rail passengers.

The Senate recommended $555 million for Amtrak for FY1999. This was a total of $1.6 billion when coupled with the $1.1 billion Amtrak will receive in FY1999 without further legislative action as a result of the Taxpayer Relief Act of 1997 (P.L. 105-34). The committee bill (S. 2307) included language to allow the capital funds provided in the bill to be spent under the same definition of capital expenses that currently pertains to federal capital funds provided for other transportation modes. This use of capital funds for capital expenses could come to $400 million during FY1999, according to the committee report (S.Rept. 105-249, pp. 120-121). The committee recommended that $200 million of the $555 million be used for upgrading the Northeast Corridor. The New York Pennsylvania Station is to get $40 million as a result of the TEA-21 highway reauthorization legislation (P.L. 105-178). Congress appropriated $609.2 million to Amtrak for FY1999, and allowed Amtrak to decide how much of that will be used to upgrade the Northeast Corridor. The Committee report rejected the proposal to allow Amtrak to use capital grants for equipment maintenance in the same way federal transit funds can be used, but the report set no specific limit on the amount of federal capital grants that Amtrak can use for equipment maintenance during FY1999. The funds are to come from the general fund, as in past years, rather than from the Highway Trust Fund, as proposed by the Administration. Congress appropriated no funds for the Penn Station redevelopment in New York City. Congress appropriated $20.5 million for "next generation high speed rail" and $5 million for the Rhode Island freight rail project.

Amtrak Reform Council

The Amtrak Reform Council, established by the Amtrak Reform and Accountability Act of 1997 (P.L. 105-134), is given additional responsibility by the report language of the Senate Appropriations Committee for FY1999. The Council is directed to help Amtrak reach its financial goals and decrease reliance on federal aid by identifying which Amtrak routes are candidates for closure or realignment, and the Council is directed to report this information to Congress annually (p. 25). The Council is prohibited by the committee report language from using any of the Council's appropriation to pay for outside consultant services, since, the report states, the members of the Council were selected because of their technical qualifications, professional standing, and demonstrated expertise in areas related to the needs of the Council (p. 24). Congress appropriated $450,000 to the Amtrak Reform Council for FY1999. The conference report is silent on the above issues that are addressed in the Senate committee report.

Federal Highway Administration (FHWA)

http://www.fhwa.dot.gov/

The highway section of the FY1999 Appropriations Act provides an obligation limitation of $25.5 billion for highway program activities. This is an increase of over $4.0 billion over the FY1998

Act and is consistent with the levels authorized by the Transportation Equity Act for the 21st Century (TEA-21). An additional $1.2 billion in exempt obligations is provided by the Act.[6]

The FY1999 Act provides for a few modest changes in the highway program, but generally follows the program guidance provided in TEA-21. One important provision in the Act is a clarification of TEA-21's distribution of high priority project funds. The Act gives the states considerable leeway in their treatment of these funds and allows the states to set overall priorities without having to treat each high priority project as a separate pot of money. Finally, the Act provides no funding in the transportation section for the Appalachian highway program.

The Act also provides some highway funding in the emergency supplemental portion of the omnibus act. These provisions provide an additional $100 million for Alabama and Massachusetts that had been promised to these states during the TEA-21 conference. Further highway funding from this section is provided for West Virginia and Arkansas. Some of these funds are for the Appalachian highway program.

The total level enacted for FY1999 is well above what had been proposed by the Clinton Administration, $23.5 billion, with a limitation on obligations of $21.5 billion is identical to the FY1998 level.

As mentioned above, TEA-21, and its accompanying technical corrections, establish an FY1999 limitation on obligations for all highway activities, including safety, of approximately $25.5 billion. The limitation on obligations could not be changed by the appropriations process and the Act provided specific unamenable funding levels for all major highway programs. Appropriators had the ability to make specific decisions about a number of smaller highway and highway safety programs.

The Senate Committee on Appropriations bill set core spending at the TEA-21 limitation on obligation level. Total FHWA spending was just over $27.0 billion. The committee did make a number of recommendations about spending for particular activities. For example, FHWA operating expenses were increased over the FY1998 level, but not to same degree as proposed by the Administration. The committee also made a number of recommendations about the ITS program aimed primarily at increasing spending for actual ITS projects, as opposed to ITS promotion. Finally, spending for the Appalachian highway system was set at $200.0 million. This is $100.0 million less than the FY1998 level and below the spending level that could be supported by TEA-21.

The House Committee on Appropriations also respected the TEA-21 fire walls for core highway spending. Total funding for FHWA was set at $26.7 billion, which is somewhat below the Senate level. Much of this difference can be accounted for by the committee's decision to zero out funding for the Appalachian highway system and a new transportation infrastructure credit program that had received $80.0 million in the Senate bill.

Federal Transit Administration (FTA)

http://www.fta.dot.gov/

The FY1999 Act provided a total of $5.39 billion for the FTA. This exceeded FY1998 funding by $549.0 million, an increase of more than 11%. Almost all FTA programs, with the significant exception of the operating assistance program, received funding increases. Operating assistance funding was eliminated under formula grants by TEA-21. However, preventive maintenance

[6] Exempt program spending is used for the emergency relief and minimum allocation programs.

previously eligible for funding from operating assistance is now an eligible use under an expanded capital grants program.

Several transit programs have been controversial almost since their inception, especially the operating assistance program. Recent Administrations, beginning with the Reagan Administration, have proposed reductions and/or outright elimination of these programs. Transit tends to be supported on a local basis, with the majority of support coming from urban areas. Support for sometimes competing highway programs is seen as having a much broader base, especially because of the absence of transit systems in rural areas. Transit programs have continued largely, due to strong congressional support from Members representing urban areas.

For FY1999, the Clinton Administration proposed a slight decrease in total FTA funding over FY1998 levels, $4.78 billion. Essentially, the Administration's proposal would have consolidated most of the existing programs into a $3.6 billion formula program. The Administration's proposal would have consolidated the discretionary bus and bus related program and fixed guideway modernization program into the formula grants program All funding for this program would have come from the transit account of the Federal Highway Trust Fund. Only the fixed guideway modernization formulas would have been retained as a separate component of the consolidated program. The new starts programs, renamed the Major Capital Investment Program, would have continued to allocate discretionary funds for fixed guideway systems. New start funds would have been increased to $876.0 million over the FY1998 level of $800.0 million. The Clinton Administration proposed one new initiative for access to jobs and training, which was included in the recently-passed TEA-21.

The full Senate and House Appropriations Committees passed their versions of the FY1999 Transportation Appropriations Act, respectively on July 14, and July 22, 1998. The House and Senate transit proposals recommended the same funding levels for FY1999, $5.39 billion, an increase of $549 million over FY1998. These funding levels were enacted into law on October 21, 1998, under the Omnibus Appropriations Act of 1999 (H.R. 4328, P.L. 105-277). The Major capital investment program was increased to $2.3 billion from the FY1998 level of $2.0 billion, an increase of 12.8%. This included $902.8 million each for new starts and fixed guideway modernization and $451.4 million bus/bus facility for FY1999. The formula grant program was set at $2.85 billion, or $350 million over the FY1998 level of $2.5 billion, an increase of 14%. This included $2.5 billion for urbanize area grants, $50 million for clean fuel vehicle grants, $67 million for elderly and disabled grants, $188 million for nonurbanized area grants, $2 million for rural transportation grants, and $4.8 million for the Alaska railroad for FY1999. Other funding included $75 million to the new access to jobs/reverse commute program, $98 million for planning and research, $6 million for university centers, $54 million for the Federal Transit Administration, and $50 million the Washington Metropolitan Transit Authority.

Federal Aviation Administration (FAA)

http://www.faa.gov/

P.L. 105-277 appropriates $9.6 billion for the FAA in FY 1999, up 5% from the $9.1 billion provided in Fiscal 1998. The appropriation is about $85 million more than the amount recommended by the House, but $300 million less than the Senate mark and $150 million less than the Administration's request. Division C—Other Matters, provides for the reauthorization of the FAA for a period of 6 months.[7] Airport Improvement Program (AIP) spending is limited to

[7] Division C—Other Matters, Title I—Other Matters, Sec. 110, Reauthorization of the Federal Aviation Administration.

half the annual authorization level, which could affect approved airport construction work. Separate provisions in Division C give DOT the authority to intervene earlier in airline consolidation proposals and halt DOT rulemaking on airline competition until at least the middle of 1999.

Operations

FAA's Operations account is funded at $5.563 billion, which is $25 million less than the Administration's request. The conference assumed, however, that $17 million of the Operations account will instead be provided in the Facilities and Equipment account, making the net reduction in this account $8 million. This account funds air traffic services, aviation regulation and safety certification, and aviation security activities.

Facilities and Equipment

This account is funded at $2.0 billion (including $100 million from the supplemental appropriations title), which is $130 million below the budget request. Funds from this account provide for the modernization of air traffic control and other facilities. The Act fully funds the Administration's $168 million request for several programs collectively described by the FAA as the Free Flight Phase I program.[8] It also includes $100 million (in Title II of the Supplemental Appropriation) requested by the Administration for explosive detection devices. However, the FAA is prohibited from obligating funds for explosive detection systems until 30 days after the Administrator certifies to Congress that the major air carriers agree to fund operation and maintenance of the systems in FY 1999 and substantially increase their use of the machines.

Programs to address the Year 2000 computer problem are funded in the Act at $25 million, $14 million below the Administration request. Additional funds, however, are provided on a government wide basis as a result of Title III of the Emergency Supplemental Appropriations section of the Omnibus bill. An unspecified amount is likely to be available for FAA FY2K activities.

Research, Engineering, & Development

This account is funded at $150 million, which is $140 million less than the budget request. Most of the reduction is the result of Congress denying $90 million in direct funding and approximately $45 million in indirect funding for the Flight 2000 program.[9] The decision to not fund this program was based on a determination that the FAA was not yet ready to begin "such an ambitious and expensive undertaking, had not decided on the sites for the project, and had not achieved industry consensus."[10] Full funding is provided for aircraft safety technology, including $15 million for aging aircraft research. Also in this account is $41.7 million for explosives and weapons detection research, which is $2.2 million more than the request.

[8] Free Flight is an air traffic management concept that has the potential for greatly increasing users' flexibility to plan and fly their preferred routes, saving airlines a potential $3 to $5 billion annually in fuel and time.

[9] Flight 2000 is a research and development program to test new technologies that will be used in the modernization of the National Airspace System. The program envisions equipping approximately 2000 aircraft with new generation avionics for testing in all classes of airspace and all phases of flight operations and surface movement.

[10] U.S. Congress, House Committee on Appropriations. Department of Transportation and Related Agencies Appropriations Bill, 1999. H.Rept. 105-648, July 24, 1998, p. 60.

Grants-in-Aid for Airports

Airport grants are limited to $1.95 billion, which is $250 million above the President's request. Only $975 million of the limit is available, however, until an FAA reauthorization bill is enacted in the next Congress. The FAA is directed to give priority consideration to grant applications for projects listed in the House and Senate bill reports and in the conference agreement. Airport Improvement Program (AIP) contract authority for the first six months of FY 1999 (a total of $1.205 billion) is included in the Act.

Peanut-Free Buffer Zone

The Act prohibits the FAA from providing a peanut-free buffer zone or any other peanut-restricted area, or from restricting the distribution of peanuts, until 90 days after the agency has conducted a study that shows that some passengers may suffer severe reactions from the mere smell of peanuts (sec. 372).

National Highway Traffic Safety Administration (NHTSA)

http://www.nhtsa.dot.gov/

The National Highway Traffic Safety Administration was established as a separate organizational entity in the Department of Transportation in March 1970. The agency's responsibilities include establishing minimum safety standards for automotive equipment, serving as a clearing house and information source for drivers, identifying and studying emerging safety problems, and encouraging state governments to enact laws and implement programs to reduce drunk driving, and encourage the use of safety devices.

For FY1999, the agency requested an appropriation of $406 million, up from $333 million enacted for FY1998. Of the total, about $233 million (a 25% increase and this year expressed as an "obligation limitation") will be devoted to Highway Traffic Safety Grants. Although the appropriation for the NHTSA represents a small portion of the total DOT budget, successful implementation of its programs could be instrumental in saving a significant percentage of the $150 billion lost to highway deaths, injuries, and property damage annually.

One of the agency's programs to encourage the use of seat belts has been bolstered by the recent presidential seat belt initiative. Also, NHTSA has encouraged the establishment of a uniform 0.08 blood alcohol concentration (BAC) level. Senate and House reauthorization proposals took significantly different approaches for convincing the states to enact 0.08 BAC levels. The Senate (S. 1173) recommended a more stringent approach by reducing the basic allocations and apportionments (for construction projects) to the states. The House, however, recommended a safety grant program to induce states to adopt 0.08. The House prevailed in conference.

The Senate Committee on Appropriations, in its report on S. 2307, acknowledged a number of NHTSA initiatives, including the (state) alcohol incentive program mentioned above. Other programs included increased seat belt use, side impact standards, and other occupant protection programs. Although air bags are not specifically mentioned in the committee's report, it does encourage continuing work to develop an appropriate child crash dummy to better assess the effectiveness of crash protection devices, which would include air bags.

In conference, Congress provided a total funding for NHTSA of $361.4 million, an amount $28 million greater than the FY1998 enactment, but $44.5 million less than that requested by the Administration for FY1999. The conference bill gives the agency $159.4 million for Operations and Research. This represents an amount $12.4 million above its FY1998 amount, but less than half of its requested $25 million increase for this program. It also permits additional obligations (from the Highway Trust Fund) of $13.5 million ($200 million total) for Highway Safety Grants versus the $33 million requested; and provides $2 million for the National Driver Register, although no funding for this program was requested by the Administration.

Table 3. Total Budgetary Resources of Selected Agencies/Offices

(in millions of dollars)

Admin.	FY1998 Enact.*	FY1999 Req.*	S.Rept. 105-249	H.Rept. 105-648	Conference	P.L. 105-277, Title VII
FHWA	23,482.0	23,115.0	27,018.9	26,722.6	26,822.6	—
BTS	25.0	31.0	31.0	31.0	31.0	—
NHTSA.	333.0	406.0	361.4	461.4	361.4	—
FRA	931.0	751.0	707.2	729.3	749.8	—
FTA	2,843.7	4,775.7	5,365.0	5,365.0	5,390.0	—
FAA	9,101.1	9,751.0	9,856.6	9,477.6	9,562.6	—
USCG	3,916.4	4,004.8	3,959.8	3,887.0	3,895.5	—
St. Lawrence Seaway	11.2	0.0	11.5	11.5	11.5	—
OIG	42.0	42.5	42.7	43.5	43.5	—
RSPA	60.5	65.3	63.4	77.6	73.7	—
OST.	78.2	78.4	76.9	73.2	81.3	—
STB	13.9	16.0 **-16.0	13.9	16.0 **-2.6	16.0	—
Grand Total—Budgetary Resources	40,838.0	42,942.3	47,146.9	46,893.0	46,986.0	—

Sources:

* Figures for enacted FY1998, and requested FY1999 were taken from S.Rept. 105-249, various pages.

**Surface Transportation Board estimated offsetting collections for FY1999.

Note: Numbers within this table may differ slightly from those in the text due to supplemental appropriations, rescissions, and other funding actions. Columns may not add due to rounding.

For Additional Reading

CRS Issue Briefs

CRS Issue Brief IB97030. *Amtrak and the 105th Congress*, by Stephen J Thompson.

CRS Issue Brief IB97029. *Supplemental Appropriations and Rescissions for FY1997*, coordinated by Stephen Daggett.

CRS Reports

CRS Report 98-749 E, *The Transportation Equity Act for the 21st Century (TEA-21) and the Federal Budget*, by John W. Fischer, September 4, 1998.

CRS Report 98-593E. *Airport Improvement Program: Airport Finance Issues for Congress*, by Robert S. Kirk

CRS Report 96-67E. *The Surface Transportation Board (STB): An Overview and Selected Public Policy Issues*, by Stephen J Thompson.

CRS Report 96-901. *Automobile Air Bags: New Issues/New Research*, by Duane A. Thompson.

CRS Report 97-271. *Federal Traffic Safety Programs and Grants: Issues and Options for Reauthorization*, by Paul F. Rothberg and Brad A. Trullinger.

CRS Report 97-516E. *ISTEA Reauthorization: Highway Related Legislative Proposals in the 105th Congress, 1st Session*, by John W. Fischer.

CRS Report 98-221E. *ISTEA Reauthorization: Highway Related Legislative Proposals in the 105th Congress, 2nd Session*, by John W. Fischer.

CRS Report 96-803. *Reauthorization of the Motor Carrier Safety Assistance Program: Options to Promote Flexibility and Performance*, by Paul F. Rothberg, et al.

CRS Report 98-63E. *Transportation Trust Funds: Budgetary Treatment*, by John W. Fischer.

CRS Report 97-691. *Intelligent Transportation Systems Program: Importance, Status, and Options for Reauthorization*, by Paul Rothberg, Frederick W. Ducca, and Brad A. Trullinger.

CRS Report 97-951. *Traffic Safety Provisions in Various Highway Reauthorization Bills*, by Paul F. Rothberg.

Selected World Wide Web Sites

Department of Transportation Site

http://www.dot.gov/

Department of Transportation, Chief Financial Officer

http://ostpxweb.dot.gov/budget/

House Appropriations Committee

http://www.house.gov/appropriations

Maritime Administration (financial reports)

http://marad.dot.gov/

National Highway Traffic Safety Administration (budget & planning)

http://www.nhtsa.dot.gov/nhtsa/whatis/planning/perf-plans/gpra-96.pln.html

Office of Management and Budget

http://www.access.gpo.gov/omb/omb003.html

Senate Appropriations Committee

http://www.senate.gov/~appropriations/

Key Policy Staff

Area of Expertise	Name	CRS Division
Automotive Safety	Duane Thompson	STM
Federal Aviation Administration	James G. Moore	STM
Transportation Infrastructure Policy	John Fischer	E
Federal Highway Administration	William Lipford	E
Federal Railroad Administration and Amtrak	Stephen J Thompson	E
Surface Transportation Board	Stephen J Thompson	E
Federal Transit Administration	William Lipford	E
Highway and Truck Safety	Paul Rothberg	STM
U.S. Coast Guard	James E. Mielke	STM

Division abbreviations: E = Economics; STM = Science, Technology, and Medicine.

Author Information

Duane Thompson
Coordinator, Science, Technology, and Medicine
Division

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